

# Borg Warner Posts 1Q Operating Margin of 11.7 Percent

Auburn Hills-based BorgWarner in April reported its first quarter 2013 U.S. GAAP net earnings of \$1.22 per diluted share.

“Outstanding performance by our operations drove our strong first quarter results,” said James Verrier, president and CEO of BorgWarner.

“The focus on fuel economy and improved emissions continued to drive growth for BorgWarner in most parts of the world, but sharp declines in light vehicle production in Europe, a market that comprises nearly half of our sales, more than offset this growth.

“Excluding the impact of foreign currencies and 2012 dispositions, our net sales were down approximately 1 percent in the first quarter compared with first quarter 2012, in line with global light vehicle production, which was down 1 percent.

“Light vehicle production in Europe was down 9 percent in the same period. Despite a challenging sales environment, operational efficiency and cost controls enabled us to post a strong operating margin of 11.7 percent in the quarter, excluding non-comparable items.”

The company's outlook for 2013 is unchanged. Annual net sales growth is expected to be 2

percent to 6 percent, compared with 3 percent to 7 percent net of 2012 dispositions.

Net earnings are expected to be within a range of \$5.15 to \$5.45 per diluted share, excluding non-comparable items. Operating income, as a percentage of net sales, is expected to be 11.5 percent or better, excluding non-comparable items.

Net sales were \$1.85 billion in first quarter 2013, down 3 percent from \$1.913 billion in first quarter 2012. Net earnings in the quarter were \$142 million, or \$1.22 per diluted share, compared with \$158 million, or \$1.28 per diluted share, in first quarter 2012. First quarter 2013 net earnings included net non-comparable items of \$0.08 per diluted share.

The impact of foreign currencies, primarily the Japanese Yen and Brazilian Real, decreased net sales by approximately \$2 million, and decreased net earnings approximately \$0.03 per diluted share, in first quarter 2013 compared with first quarter 2012.

Among the highlights of the year so far are:

- On April 24, the company's Board of Directors authorized the purchase of up to 5 million additional shares of the company's common stock on the open

market. The company repurchased approximately \$50 million of shares in the quarter.

- On April 15, BorgWarner's regulated three-stage (R3S) turbocharging system was named a winner of the prestigious 2013 *Automotive News* PACE Award at a ceremony held in Detroit. BorgWarner also received a PACE Innovation Partnership Award for its collaboration with BMW on the R3S turbocharging system for diesel engines.

Recognized around the world as a symbol of excellence, the annual *Automotive News* PACE Contribution to Excellence Awards acknowledge automotive suppliers for superior innovation, technological advancement and business performance.

- BorgWarner has opened its new production facility and engineering center in Itatiba City, Brazil. The new campus will produce several technologies for passenger cars and commercial vehicles such as turbochargers, viscous fans and fan drives, engine timing systems and emissions technologies. BorgWarner's new facilities are located about 50 miles northwest of São Paulo and are twice as big as its former facility in Campinas.

- BorgWarner supplies its latest turbocharging technology for

a new generation of medium-duty engines from Mercedes-Benz.

- BorgWarner's advanced technologies drive the 2013 North American Car and Truck/Utility of the Year winners: the Cadillac ATS and Ram 1500.

For the Cadillac ATS, BorgWarner supplies friction plates and one-way clutches for the 6-speed automatic transmission and Torque-On-Demand (TOD) transfer cases and controls for all-wheel-drive models.

For the Ram 1500, BorgWarner produces viscous fan drives for the V8 engine, timing systems for models equipped with Pentastar engines, friction plates for the 8-speed automatic transmission and TOD transfer case systems for four-wheel-drive models.

BorgWarner Turbo Systems received a Daimler Supplier Award 2012 in recognition of outstanding performance in quality, costs and delivery reliability.

Two BorgWarner facilities received 2012 Supplier Quality Excellence Awards from GM. Presented to about 7 percent of GM's suppliers, the new award recognizes supplier manufacturing locations for achieving consistently high levels of quality that exceed defined customer quality performance criteria.

# Ford Aims for Great Fireworks Show with Target

Ford and The Parade Company have announced a major partnership for one of the nation's largest fireworks displays – The Ford Fireworks presented by Target.

The event's new name reflects lead sponsorship of the fireworks by Ford Motor Company, in addition to Target's support, making possible this free world-class event for the city of Detroit and the region.

The Ford Fireworks presented by Target will light up the sky Monday, June 24, at 10:06 p.m., with views of the Detroit River in downtown Detroit. Created and produced by The Parade Company, the event – celebrating 55 years – attracts hundreds of thousands of spectators for one of the most anticipated summer nights in Detroit.

“We are extremely grateful for Ford Motor Company's commitment to The Parade Company, and at this incredibly exciting time in Detroit we look forward to working together on this 55-year Detroit tradition,” said Tony Michaels, president and CEO, The Parade Company. “Ford consistently strives to make the Detroit region stronger, and this partnership speaks volumes to the great people of our region.”

Ford Motor Company and Ford Motor Company Fund have a long history of supporting The Parade Company. In 2011, Ford became the official vehicle of America's Thanksgiving Parade featuring its float, “Driving a Brighter Future.” Also, Ford Executive Chairman Bill Ford and his wife Lisa served as grand marshals for the 85th America's Thanksgiving Parade – one of the country's largest and longest-running parades.

# Vincentric Awards Great Yearly Measurement – GM's Peper

GM won nine Vincentric 2013 Best Fleet Value in America awards, the most of any manufacturer.

Vincentric recognized 13 GM vehicles, including the Chevrolet Express cargo van, winner of the Best Fleet Value award for six consecutive years.

Vincentric provides data, knowledge, and insight to the automotive industry by identifying and applying the many aspects of automotive value.

Vincentric data is used by organizations such as Yahoo! Autos, AOL, Cars.com, Chevrolet, Toyota, Kiplinger.com, Mercedes-Benz, Business Fleet Magazine, Volvo, NADA Guides, BMW and Fleet-Central.com as a means of providing automotive insight to their clientele.

Vincentric is a privately held automotive data compilation and analysis firm headquartered in Bingham Farms.

The GM Best Fleet Value winners are:

- Buick Encore – Base four-door utility front-wheel-drive, compact premium crossover.
- Buick Enclave – Convenience four-door utility front-wheel-drive, large premium crossover.
- Buick LaCrosse – Base four-door sedan front-wheel-drive, large premium sedan.
- Buick Verano – Base four-door sedan mid-size premium sedan.
- Chevrolet Spark – LS four-door hatchback at micro segment.
- Chevrolet Express/GMC Savana Cargo G1500 – standard-wheelbase, full-size cargo van, half-ton.

- Chevrolet Express/GMC Savana Passenger G3500 – standard-wheelbase, full-size passenger van, one-ton.

- Chevrolet Silverado/GMC Sierra 2500HD Work Truck – regular cab, two-wheel-drive, long wheelbase, four-door, full-size 3/4-ton pickup.

- Chevrolet Silverado/GMC Sierra 3500HD Work Truck – regular cab two-wheel-drive, long wheelbase, single-rear-wheel, full-size one-ton pickup.

“Along with the low-depreciating Chevrolet and GMC trucks and vans, four Buick vehicles were awarded this year,” said David Wurster, president of Vincentric.

“And when you add the Chevrolet Spark to the mix, it really illustrates GM's vast range of fleet products.”

In its eighth year, the Vincentric Awards are used by fleet operators to understand vehicle lifecycle costs, a key part of the purchase process.

“The Vincentric Awards are a great yearly measurement for fleet vehicles,” said Ed Peper, U.S. vice president of GM Fleet and Commercial Sales. “This year demonstrates GM's strength in not only the truck and van segments, but across our product portfolio.

“These awards are a testament of how we cater to the business needs of any customer – small or large.”

To determine its award winners, Vincentric analyzed more than 3,400 vehicle configurations in 20 different lifecycle cost scenarios, using eight cost factors – depreciation, fees and taxes, financing, fuel, insurance, mainte-

nance, opportunity cost, and repairs.

The lifecycle costs were measured in all 50 states plus Washington, D.C., with more than 25 million lifecycle cost measurements used to determine the winning vehicles.

To find more information about the full vehicle portfolio, visit gmfleet.com, or for timely responses to fleet-related questions, join the GM Fleet and Com-

mmercial LinkedIn group.

For more information on all of the winners of the Vincentric awards for the 2013 model year and the Vincentric methodology, go to the company's website at www.vincentric.com.

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